

*Proceedings of the General Court of the Hudson's
Bay Company, held on the 28th June, 1871, Sir
STAFFORD H. NORTHCOTE, Bart., M.P., the
Governor of the Company in the Chair.*

The CHAIRMAN said—It now becomes my duty to move “That the report now read be approved and adopted, and that the committee be requested to take the necessary steps for carrying their recommendations into effect.” That has been considered by the committee to be the most convenient way of raising the questions which you are met to-day to consider. Gentlemen, I need not say that the present is an occasion which demands a very careful and calm consideration on your part, because large interests are involved; and I am quite sure you will all feel, whether you agree with the policy recommended by the directors or not, that the matter is one that requires full consideration before you come to a decision. I should like, at the outset, to say a word with respect to a particular expression at the opening of our report, which I hear has been made the subject of some comment. We have spoken of the position of the company as being a critical one, and an impression has been created I am afraid in some quarters that we meant by that to convey that the position of the company was an alarming one. Now, that certainly was not the intention of the expression. What we meant that word to convey was what it really means—that we have come now, in our opinion, to a crisis in the affairs of the company, and that it depends upon the

policy which you will now decide upon how the affairs of the company are to be carried on; and I think if you see what our recommendation is, on the one hand, and what the views are that are put forward by other gentlemen connected with the company on the other, you will admit that that word is not at all too strong. Because you see that our policy—the policy which we recommend—is that there be a complete reorganisation of the fur trade upon a system involving a very large grant of money from the proprietors; and, on the other hand, that the gentlemen who have put out a statement in an opposite sense recommend the abandonment of the fur trade altogether. Well, if such large questions as that can be debated, and when it is felt by all parties that we have to consider such matters of vital interest to the company, I think it is not too much to say that our position is critical. Now, I wish you to understand that this report has not been prepared by the directors on a sudden, but that the policy which it recommends is the result of deliberations extending over a considerable period. In point of fact, ever since the arrangement was made with Canada for the transfer of our territorial rights, we have felt—and indeed before that was made we felt it would be so, but ever since it was made we have felt—that it would be necessary to go fully and largely into the question of the way in which the company's affairs were to be carried on. Nothing but the disturbances which unfortunately occurred immediately after the transfer prevented our bringing this matter forward at an earlier period. But we have been in communication with our officers, and we have considered the matter amongst ourselves for the last year or two—two or three years,—and what we now propose is the result of deliberations extending over a considerable time, and we propose this policy as a united board, and as that which we are prepared to recommend and carry out, if the proprietors adopt it.

We do not say that it may not be your policy to adopt a different course; and, of course, if it should be your wish to adopt a different course, and to put the management of affairs into the hands of men who would step in and be prepared to carry out such a course, it would be our duty in every possible way to facilitate whatever might be done, and we should endeavour—of course, not making ourselves responsible for carrying out a policy of which we disapproved, but we should endeavour—to facilitate in every possible way whatever steps those gentlemen might think it right to take. But I must most seriously and earnestly press upon you to pause before you give your consent to such a policy as has been recommended to you by these gentlemen to whom I refer. Now, we have before us here the statements that have been put out by gentlemen who are, apparently, shareholders in the company, and those statements, I must frankly say, invite a good deal of detailed criticism. There are a great many things in them which really appear very startling, and which it is tempting to offer observations upon; but I wish to be quite fair, and I feel that those who have put out those statements have done so under disadvantages: that they have not had full opportunities of consulting the books and seeing the real state of the affairs, and some of the errors into which they have fallen are of a character which, if they were deliberately preparing a policy to be acted upon, they would, on reflection, correct. Therefore, I do not desire to go into any minute criticism as to some of their proposals. For instance, such questions as what sums can fairly be considered as applicable to dividend, and matters of that sort—how far we are to treat the money which we claim from the British or Canadian Government in respect of our losses,—those are matters upon which one might really offer some rather trenchant observations; but I abstain from doing so, because I do not think it is fair to them

to take this report as if they were to be bound to everything they have put forward. The truth is that they are indicating one line of policy, and we are indicating another line of policy. What is really important that we should come to is a decision which of those two lines you are to follow out. If you decide upon following out the line of policy recommended by the directors, we confidently expect that you will accept and confirm the recommendations in our report in detail. If, on the other hand, you prefer the course of policy which is recommended by these gentlemen, I think it is only reasonable you should give them time, if you intend putting them into the administration of your affairs, to mature and put into proper shape their proposals. Now, the difference between these two lines of policy I think we may get at in this way—First of all, by seeing how far we are agreed; and then, where it is that we differ. There are one or two points we are agreed upon. We are agreed upon this—that the fur trade as at present carried on is not likely to be remunerative. We are agreed, on the other hand, that the company has a valuable landed property which it is desirable to turn to account. Upon those two points we are agreed; but the difference between us is this—that the directors propose not to give up the fur trade, but to reorganise the fur trade; while, on the other side, the independent shareholders who have put out this report—I do not know by what other name to call them—appear to desire to abandon the fur trade altogether, and to trust to our land, and the disposal of our land alone, for remuneration. Now, with regard to those points, I wish, in the first place, to tell you that although we, the directors, are convinced that the fur trade cannot be carried on remuneratively without a considerable amendment of the manner in which it is carried on, we are of opinion that, if that amendment is made, there is every prospect of its being

carried on remuneratively, and we think it would be exceedingly unwise on the part of this company to abandon a branch of business which has hitherto formed its main staple of alterations, and which we fully believe may be made a productive and remunerative business. And I ask you, why should it not be so? In the first place, admitting that the fur trade has of late years not been so remunerative as formerly, I ask you why it has not been so? It is not on account of any failure in the supply of furs or of the quantity of goods that are brought to this country. I have had a statement made out showing the amount of the imports for the last ten years, and I find that the value of the imports realised in each year from 1860 to 1869 shows upon the whole a considerable increase—that, while in the years 1860, 1861, and 1862 the amount varied from 223,000*l.* to 276,000*l.*, in the two years 1867 and 1868 it has varied from 300,000*l.* to 347,000*l.* Therefore the amount of what you have brought to this country has been in excess of what you were bringing some years ago. The trade is not falling off; but, on the contrary, we are bringing an increasing quantity; and the value of our furs which we have had analysed, but which it would be too much to trouble you with now, also shows that the prices have kept up, and are rather higher than they were. Then you will naturally say, “If that is so, why is it that the trade is unprofitable?” Well, the answer suggests itself at once—Because the expense of carrying it on has become greater than it used to be; and the question, the whole question, is whether you cannot materially reduce that expenditure. Well, we say—having considered the matter very carefully, having discussed it with our wintering partners who are practically carrying on the trade, having had also the advantage of a report—a very able report—presented by our friend Mr. Cyril Graham, as we have mentioned, whom we sent out to

make inquiries on the subject,—we say that very great reductions might be made by availing ourselves of new methods of transport now opened up to us. We say that the expenses may be greatly reduced, and that consequently the fur trade may be made profitable. For instance, we are now in the habit of sending round by York factory and the Northern sea—a very long journey: by sending them now through the nearly-completed railway system—I should say the greatly advanced railway system of the United States and Canada—you may have a very much shorter route. You may also, if you go to some little expense in putting steamers upon your rivers and lakes, convey those goods much more rapidly than you do at present into the interior, and you may get more speedy returns. And that is important for many reasons, not only because it is a more rapid mode of conveyance, but because it is more certain than the mode of conveyance used in former times. You used always to send your goods by means of Indians and half-breeds who were employed as *voyageurs* to carry goods to certain places and bring back returns. Of late years it has been very difficult to get those men. They have very often failed us at the last moment, and goods have been delayed for two seasons, because the *voyageurs* refused to proceed, or a difficulty of some sort arose. We have satisfied ourselves by careful calculation that a great improvement may be effected by a reduction of expenditure in the way I have pointed out. So much with regard to the fur trade. Now allow me also to point out this. Besides the fur trade, we have other sources of profit open to this company if we wish to take advantage of them. Hitherto we have had to deal with this country as one almost uninhabited except by Indians and our own servants; but now immigration is beginning, and a new population is beginning to spread over Manitoba and the Saskatchewan and other districts. That population will

require supplies of all kinds, and we have at this moment the advantage of establishments of a character and system of organisation which would enable us to supply the immigrants with those goods which they were likely to want, and which are of the same class to a great extent as those which we have been supplying to our own people in the country. We believe that a very large amount of profitable business may be done by the company in that way in connection with the new settlement of the country, and we believe that by doing that kind of business we shall be not only profiting the company, but we shall be advancing the interests of the Settlement; and I need not point out to you that anything we do to advance the interests of the Settlement tells directly upon the value of our own land in the Settlement, because the value of our land, if it is merely wild land, is nothing, but the value of our land when the Settlement begins will very rapidly increase, and what we want to do is as rapidly as possible to promote the development of the country, and we believe we shall combine the two objects by taking advantage of the position in which we stand in order to do a general business of that kind. But then, when we consider about that, we are met with this difficulty—You cannot do business of that sort except with a staff that is competent to do it. You have a very excellent staff in the country for the kind of business they have hitherto had to do, but if that business is to a certain extent changed in its character, you cannot expect that gentlemen who have been educated in one kind of business will be competent to carry on a totally new kind of business with men of a different stamp, and what we want is to be able to introduce into our staff some new blood. Those gentlemen who have been living twenty or thirty years in distant posts on the Mackenzie River, and dealing only with Indians, and so on, will be little competent to conduct mercantile business at posts which become the

centres of civilisation in the new country, any more than gentlemen competent to carry on business in London would be able to carry on the fur trade on the Mackenzie River. Therefore we want to have the opportunity of introducing new blood in this service. But here we are met with a difficulty—viz., that our relations with our officers are of a very different kind from the relation of an ordinary company—say a railway company and its servants. These gentlemen are not in our service in the same sense in which the *employés* of a railway company are in their service: we do not pay them so much in salary, and when we find they are not quite the men we want, part with them and employ other people. They are sharers, to a certain defined extent, in our profits; and they have rights, under an instrument, which is a legal instrument, and which we know by the name of the deed-poll, and these rights we are obliged to respect, because they are enforceable in a court of law. Therefore, it is impossible to make any great reorganisation of our trade without the consent and assent of these gentlemen, and the proposals that we make are made upon this theory—that it is necessary to get the assent of our officers to the changes we think desirable, and in order to get that assent it is necessary to deal liberally with them. I will speak in a few moments as to the particular terms we propose; but I am now pressing upon you, first of all, the importance of not giving up the fur trade; secondly, the importance of not losing the opportunity of getting the advantage of this general business; and thirdly, I wish to say a word as to our interest in the sale and turning to account our landed estate; and I wish you to bear in mind this—that if you wish really to turn that estate to the best account, you can only do so through the agency of the very men with whom we are now dealing, because those men have advantages which no stranger can possibly have. Recollect that they

are the occupants of the country,—that they have been there for a great number of years,—that they have their families and their relations settled there,—that they have influence with the Indians which no strangers could possibly acquire,—and that they will remain there, or many of them will remain there, and will be amongst the persons principally interested in the development of the colony. Take, for instance, our own chief officer, Mr. Donald Smith. I cannot point to a case which more thoroughly illustrates the position of our officers there. What is Mr. Donald Smith's position? He has been elected a member for one of the districts in the new Parliament of Manitoba. He has also been elected to a still more important position—that of member for one of the districts of Manitoba in the Provincial Parliament of Canada. And Mr. Smith is not a solitary instance, showing the influence and the position which our officers hold there. Well now, consider, if you are going to turn your estate to a proper account, how important it is to have the co-operation of men holding these positions of influence, and having at the same time the command over the Indians. Well, now, I would mention again, as another illustration of this, what Sir John Macdonald mentioned to me some little time ago. He said—"I am very anxious indeed that we should be able to deal with the Indians upon satisfactory terms. They are the great difficulty in these newly civilised countries. They are the great difficulty with which the Americans have to contend in their new countries. The Hudson's Bay company have dealt with the Indians in a thoroughly satisfactory way. The policy of Canada is also to deal with the Indians in a satisfactory manner." And Sir John Macdonald made this suggestion to us. He said—"It would be of advantage to us, and no doubt it would be of advantage to you, that we should be allowed to make use of your officers and your posts for the purpose of making

these payments to the Indians, which will have to be made annually by the Government of Canada, in order to satisfy their claims and keep them in good humour. The Indians had a title to some of these lands which is now extinguished—extinguished upon certain terms which involve annual payments; and it would be of great advantage that we should be able to employ officers who are known to these Indians, in order to make these payments and keep the Indians in good humour.” These are all illustrations of the advantage of employing your own servants for this purpose; and therefore I say that the policy indicated by those who are putting forth this independent report, of breaking with your servants and handing over the fur trade to them, though I know it is not intended to do it in an offensive way—the policy of cutting the connection between yourselves and your servants, and dealing with the land upon an independent footing, is an unwise policy; it is a policy which we deprecate, and which we urge you in your own interest not to undertake. On the contrary we urge you to accept our proposal that we should endeavour to work the whole system together. Well now, gentlemen, you are naturally startled by the proposal which is contained in our report, that we should pay a large sum to the officers to buy up their retiring interests. Of course it is a startling proposal in the first instance; but you will remember what I have already said to you, that it will be necessary to get the consent of these gentlemen to the arrangements which are to be made if we are to carry out this policy of working the whole system together. Now, for several years those gentlemen have been receiving very small profits indeed from the fur trade. For some years they received fair profits, but of late years their share in the profits has been but small; and they have only been kept at work and induced to continue in your service by the hope and the expectation that the changes through which the

company was passing would come to an end, and that when they were effected the company would take care that they should be treated in a proper and a liberal manner. For a certain time, when they were anxious as to their position, we undertook that their profits should be guaranteed at an amount of not less than 275*l.* a year per share. That guarantee led to no immediate consequences, because the profits amounted to that sum; but since the expiry of the term for which it was granted there have been two years of considerable loss, during which they have been receiving nothing. Well, in that time you have parted with your territorial rights, and have received a certain sum of money—300,000*l.*—in consideration of them. The officers were of opinion that they had morally a right to a share in that sum. We held differently; and the money was entirely returned to the proprietors of this company. That was quite a right step, but it was one which naturally was not pleasant to the officers to contemplate. Since that we have had the money paid in respect to the Oregon claims. It certainly did appear to us that considering that the possessory rights which we were parting with obtained their entire value from the labours of our officers and their energy, they had a moral right, and we thought a legal right, to share in those profits. But we have been told by a high legal authority that that is not so; and while Sir Roundell Palmer and Mr. Bere tell us in clear terms that they consider the moral right a strong one, they say that legally our officers have no right to claim this money. That again, therefore, goes to the company. Well, under these circumstances, it is only reasonable that we should consider the claims of these gentlemen in a fair and a liberal spirit; and as regards our own interests we know this—that if we do not so consider them we can get no hold over these gentlemen because they will not serve us for love of this company sitting in London. If

they find that this is a business carried on without any remuneration, or with a very inadequate remuneration to themselves, it is not to be expected that they will carry it on in partnership with us, but they will set up on their own account, and will endeavour to carry on the business themselves; and I need not point out to you that if they set up in opposition to you, they having the whole connection with the Indians, being the persons who are known there, and understanding how the trade is carried on, it would be hopeless for this company to send out a body of new men to take their places. That could not be done. The competition of a body of educated men, specially trained for that service, would be such that it would be practically impossible for us to compete with them. Therefore it would be unwise for us to suppose that we could carry on the fur trade in competition with those gentlemen. And that point has evidently occurred to those who framed this counter-report, if I may so call it. They do not propose that we should carry on the fur trade, but they say, "No, dispose of it to your officers." Well that is a very easy thing to say——

A SHAREHOLDER—Or to the public.

The CHAIRMAN—Or to the public? Yes, but then you know it is not a sort of business that is very easily disposed of and put in the market. You say, "You have got a certain amount of assets which are reckoned at so much—800,000*l.*, or whatever it may be. Well, realise that 800,000*l.*, and make use of it in whatever way you propose to make use of it." Yes; but that 800,000*l.* does not represent goods lying in the London Docks, that you can sell or hold to the first comer, or which, if one person will not buy them another will. All this represents capital which has been invested, and advances which have been made, at a distance of some two years' communication with this country; and it does not even represent precisely the amount of the

capital actually invested at this moment. It represents what the capital was at the time this account was taken—that is, at the close of the outfit of 1869—the 31st May 1870; and it would be excessively difficult to get anybody to come and to make you an offer for a capital of that amount. Practically you would have to deal with but one set of customers, and they would be your officers themselves; and you would have to sell to them at whatever valuation they put upon it, because you would get no competition. You would find it excessively difficult off-hand to realise this amount in the way you propose. I do not mean to say that you might not by degrees be able to realise, and that you might not be able to come to some arrangement with them; but then bear in mind that you must have a distinct and a careful policy in order to enable you to do that, and that you cannot do it by a mere resolution, saying, “We will consider that this is as good as sold;” which is pretty much the same as the sanguine view some gentlemen take that the £30,000 we claim against the Government is as good as paid, which is one of the most childlike instances of confidence in the Government I have seen.

A SHAREHOLDER—In the last year’s report you said it might be reckoned as a matter of course. It is in the shorthand-writer’s report.

The CHAIRMAN—Well, we merely stated at the time that we had made a claim against the Government, for we consider we have a perfect right to it. With regard to the back interest I have no doubt whatever that that will be paid; and with regard to the other money, I have every confidence that our claim has been so just that it will be recognised.

A SHAREHOLDER—You said that it would be a matter of course.

The CHAIRMAN—Well, of course, gentlemen, it is entirely

in your hands, and if you are of opinion that you are sure to receive this money, and you like to actually begin to make a dividend on the strength of it, you are perfectly at liberty to do so. I only say that it indicates an amount of confidence which the Government I dare say meet with on the back benches of their own supporters in the House of Commons. I do not want to enter into a controversy upon the subject. Well then, gentlemen, with regard to this proposal of ours, we have calculated as well as we could what the retiring interests of these gentlemen would be, and the sum that we have named in the report is the sum which we consider would be a fair sum for you to offer, and one which we have ascertained from Mr. Donald Smith, who is here with powers of attorney from almost the whole body of the officers, he is prepared to accept.

Mr. BRODERICK—When was the deed-poll communicated to the company.

The CHAIRMAN—Gentlemen, we should propose, if that policy is adopted, to cancel the deed-poll and then to make a new one. We have been told—and it has been one of the best hits that I have seen—that our report is modelled upon a careful study of the Army Organisation Bill,—that we only ask you to make a grant to abolish purchase, and to leave the organisation to ourselves. Of course, with regard to the details in the deed-poll, they would require consideration ; but, with regard to the main outlines of it, what is proposed would be this,—that a new body of officers should be constituted, of whom a certain number—a considerable proportion—would be the officers we already have, to whom should be added a certain number of gentlemen selected with a view to their commercial experience and their powers of carrying on general business ; that a somewhat different organisation should take place ; that instead of dividing them into only two classes of chief factors and chief traders

we should have four classes—inspecting chief factors, chief factors, chief traders, and traders; that those gentlemen should hold shares in the same manner as at present; that the same proportion of 40 per cent. of the profits should be assigned to these gentlemen; and that that should cover not only the profits from the fur trade proper, but the profits from the general business of the company, with the single exception of the profits from the dealing with land. We think that it would be not wise to throw the land into the same pot as the general business, because the principles upon which it ought to be disposed of would be different, and it would not be to our interest to encourage any precipitate sales of land, —and if we were to put it on the same footing as the general business, we possibly might do so. We propose, therefore, that we should draw up careful regulations as to the principles upon which land should be sold; and that with regard to the other matters, we should put them upon the footing of the present deed-poll as to the division of the 40 per cent. profits. Well, that is the general outline. We retain to ourselves the power to dismiss any officer who may not be suitable, or to retire any officer who ought to be retired, upon certain notice, and these officers would not have the same claim to retiring interest which they have at present. That is the general outline of the scheme. Now, I think I have explained as far as appears necessary, at all events in the first instance, what the policy of the directors is, and how we propose to give effect to it. If any question should be asked by and by, we shall be ready to enter into fuller explanation. There are, of course, various things which one might mention, but I do not want to detain the meeting more at length. With regard to the dividend, the matter stands very simply in this way. We have reckoned as the profits of the year simply the legitimate profits, not including the money you have already divided in your interim dividend

last Christmas. You have divided somewhat more than you have received, but inasmuch as you have a considerable balance outstanding of reserve profits of former years, which, if you will remember we desired to keep intact because we foresaw that a time was coming when a call might have to be made upon that for present exertions, we propose that you should take 30,000*l.* out of these accumulations, and divide it. I feel satisfied that, carrying our policy into effect, it is not possible for you prudently to do more than that. You must bear in mind what the state of your cash is. The statements that are made in this report which has been put forth by some of the shareholders I do not want, as I say, minutely to criticise, because the gentlemen have not had the opportunity, probably, of examining the thing carefully. But those statements are quite erroneous. For instance, they say here that the total liabilities of every kind are 140,000*l.* Well, that is not so, because in our report we stated that the liabilities were 140,000*l.* besides the sum of 90,000*l.* which we mentioned for goods in course of shipment; and you must remember that that was the amount of cash we had in hand on 31st May, but that it is now being rapidly diminished by the payment for the goods that are actually going out at this moment; and probably in the course of the next two months, that will have been diminished by a great deal more than 100,000*l.* Then I need not say anything more with regard to that money which we claim as due from the Government, but which has not yet been received. The state of our cash is such that it would not be prudent.—

A SHAREHOLDER—What is it?

The CHAIRMAN—What is the actual state of the cash?

The SHAREHOLDER—Yes, at the present time?

The CHAIRMAN—The state of the cash at the time that the report was made up was 226,000*l.* Since that—since the 1st of June—that sum has been reduced by 70,000*l.*, and,

apart from the dividend and the amount proposed to be paid to the officers, the company are liable during the next two months. [Interruption, and cries of "Chair."] Really I do not understand what that interruption means. I say, apart from the dividend and apart from anything proposed to be paid to the company's officers, the company are liable during the next two months for about 60,000*l.* more. That is 130,000*l.*, which you must take from the 226,000*l.* of cash assets.

A SHAREHOLDER—That would be for goods purchased.

The CHAIRMAN—Those are goods purchased and shipped. Well, those goods, of course, are not available in their own persons for dividends. You might borrow money upon them and pay dividend, but that is another question. The cash balance of which you speak is not of that extent which you imagine, and it is so stated in the report, only notice has not been taken of it; and with regard to that 72,000*l.* on sundry investments, it is not 72,000*l.* that could be realised to-morrow. That consists to a great extent of shares that are held of yourselves—your own shares—which you would have to sell in the market. It consists also of shares in an agricultural company, and of a debt which is due to you from that agricultural company, which they are paying off, and which they will pay to a much greater extent when they receive the next instalment of the Oregon money. But that cannot be considered as immediately available. Looking, however, at the matter, we consider that it would be very possible for us and prudent for us, though we have not made that profit in the present year, to apply 30,000*l.* of the accumulated profits standing to us to a dividend for this year. Further than that it would not be prudent for us to go. Now, gentlemen, I will only conclude by proposing the motion which I have read to you, and then I shall be happy to afford any explanations that may be called for:—

“That the report now read be approved and adopted, and that the committee be requested to take the necessary steps for carrying their recommendations into effect.”

Sir CURTIS LAMPSON—I beg leave to second that report. I have not another word to say after the able speech of our chairman.

Mr. BRODERICK—May I ask when the deed-poll was first communicated to this company? I am not going to make a speech.

Mr. PEEK—Gentlemen, it is always an unpleasant thing for shareholders in a company to differ from those who have the direction of it; but this is a critical time in the company, and I must now speak. I must, first of all, disclaim being one of the independent shareholders spoken of by our chairman, or one of the many other parties who have issued any report upon imperfect information. In fact, it is upon this imperfect information that I principally complain. A great many shareholders have, however, requested me to move the following amendment:—“That the report and the declaration of 6s. per share dividend be not received; that the 39,790*l.* sterling received for the Oregon claim be added to the divisible profits; and that a dividend of 15s. per share be declared, carrying forward about 26,000*l.* sterling; and also that a committee of not less than five be appointed to take into consideration the position and prospects of the company, to confer with the directors, to examine the books and documents, and to submit a report to a meeting to be called by them as soon as their report is ready.” Now, gentlemen, with regard to the dividend, I shall leave the gentleman who will second this amendment to speak on it, as I have not myself sufficiently studied it; but with regard to the committee, I think it is most important that such a committee should be appointed. And first of all, I will disclaim altogether anything like any personal

reflections upon the directors. Their position stands far too high for that. But, notwithstanding all the respect that I have for them, I certainly differ as to the matter of policy which they have carried out. They ask us, practically to shut our eyes and open our mouths and take what they give us, which is the payment of one hundred and odd thousand pounds for claims, which, as far as the report says, amounts to nothing—that is to say, these officers have been earning such a sum that they won't remain with us if they do not get more; but we are to pay 100,000*l.*, or one-tenth of the present value of the company, to get rid of them. As far as I can see it amounts to that.

The CHAIRMAN—No, to keep them.

Mr. PEEK—But still that may be perfectly right and just. If they are entitled to it, at whatever cost let them be paid, even if they are not legally entitled to it. But what I do complain of is this—that we have no power or means of knowing either what the old deed-poll is which binds us to this, or what advantage we shall get from it. Well, had the present management hitherto been so successful that we might have placed ourselves entirely in the hands of the gentlemen who have conducted it, I should have said nothing; but I find that under the former direction (at least, I believe it was so), from 1864 to 1866, the profits of the fur trade amounted, on an average, to £105,000 per annum for three years. I find that under the present management, from 1869 to 1871, the profits of the fur trade have amounted to about £50,000. Now, we have never received any explanation how or why. It is said that the expenses have increased. But why are these expenses increased? It may be perfectly correct, or it may be perfectly wrong; but what I ask is this—that an independent number of shareholders who are interested should look into the matter and see if things are in such a state as they are content with,

and say whether the policy which the directors recommend is that which they can also recommend, and, if so, that it should be adopted. If not, let them recommend a different line of policy which may secure us the £105,000, and perhaps make our officers equally content by other arrangements. I beg to propose the resolution which I have read.

MR. EDRIDGE—Since I have come into this building I have had this document put into my hand, and I have been asked to second it. First of all, as the chairman has referred so fully to the report of some independent shareholders, and has referred so fully to a policy which they indicate, I wish it to be thoroughly understood that I am committed to no policy whatever, that I did not attend any meeting which I understand took place, and at which it was agreed that this resolution should be put to this meeting. Every word that I shall say, and every remark that I shall make, will, I hope, be based upon the report issued by the directors themselves. I am asked to second the resolution “that the report and declaration of 6s. per share dividend be not received, but that the 39,790*l.* sterling received for the Oregon claims be added to the divisible profits, and that a dividend of 15s. per share be declared, carrying forward about £26,000. Also that a committee of not less than five shareholders be appointed to take into consideration the position and prospects of the company, to confer with the directors, to examine all the books and documents, and to submit a report to a meeting to be called by them as soon as their report is ready. Allow me, first of all, to congratulate you, Sir Stafford, and to congratulate the meeting upon some of the remarks made by you, because it appears to me that you and the committee are prepared to at once adopt this resolution—at all events, so far as respects a committee of inquiry.

A DIRECTOR—No.

Mr. EDRIDGE—Well, I understood so.

The CHAIRMAN—No, I did not say that : I said we should give every facility, of course.

Mr. EDRIDGE—Well, I was hoping that you were prepared to adopt that. But we will have a word upon that presently, if you will allow me. Now, first of all, at all events, I will congratulate you and the meeting also upon the remarks you have made, not only upon that particular point, but also, if we are to take the wording of the report, according to the ordinary and customary meaning of the words there made use of. Now, first of all, as regards dividend. Now I take your report itself, and it states that “the undivided profits standing at the credit of the company on 31st May, 1871, was 61,417*l*.” In another account you give credit for cash received on account of the Oregon claim amounting to 39,790*l*., making a total of 101,208*l*.; and as regards this Oregon money, I cannot allow a moment to elapse without taking the very first opportunity of rendering my thanks, and I have no doubt the shareholders will agree with me, to our respected friend Mr. Skinner, for the trouble he has taken in bringing before the attention of the shareholders the exact position which the company occupied with regard to that particular claim ; and the result that has been obtained in consequence of that position, I am sure I for one, and I have no doubt the shareholders generally, will be thankful for. Well now, sir, that makes the sum of 101,208*l*. Now I say that out of that 101,208*l*. you can declare a dividend of 15*s*. a share, which will amount to 75,000*l*., and leave a balance in the hands of the directors as undivided profits of 26,208*l*. Now then, of course, in speaking of this dividend, they say that as the profits of the year stand at no more than 27,256*l*., it is obvious that a larger amount has already been divided within the year than has been earned in it. Well now, if

this was a proper place to go into matters of account, I should dispute that 27,000*l.*, and I will just take this opportunity of mentioning that the profit and loss account really and truly, instead of showing a balance of 27,000*l.*, shows a balance of 10,245*l.*, because the balance you bring down is 61,417*l.* But, then, you must take from that the undivided profit of the previous year, 34,060*l.*, because that is an accumulation of balances and arrears. You must take from that 34,060*l.* the cash received on account of the Fenchurch-street premises, because I say that is an item which does not come into the account every year, and does not strictly belong to the fur trade. Then you must take from that also what you call the income derived from various investments. Those items amount to 51,000*l.*, leaving a balance of 10,246*l.* You say in your report that "the profit is 27,356*l.*, as against an amount of 52,321*l.* which was stated in your report of last July as the net profits for the year ending May 31, 1870. The balance of undivided profits standing to the credit of the company on 1st June 1871 was 61,417*l.*, as compared with 64,050*l.* last year." Now, I say that, virtually, instead of the profit being 27,356*l.*, it is but 10,246*l.* But, as I said before, this is not a time to go into these matters of detail. I go upon the broad principle of your own statement, in which you say that you have 101,208*l.* in hand. I say, then, that we are entitled to have a dividend out of that, and that dividend I claim at 15*s.* a share, because you say that, as a rule, you generally keep 30,000*l.* in hand. Well, I take that 15*s.* at a round number, instead of making it 14*s.* At 14*s.* per share it would leave you the whole sum which you expect to have in hand, but at 15*s.* it would leave you £26,000. It is immaterial to me, but the resolution goes to 15*s.* per share. You will bear in mind that during 1868 and 1869 we only had 10*s.*, and during 1869 we had 12*s.*, and during 1870 we only had 6*s.* I do not know

that I need occupy your time further on the question of dividend. I hope I have made out to the satisfaction of the shareholders that, by the showing of the committee themselves, we are entitled to a dividend of 15s. per share. Now, sir, the other part of the resolution goes to this—that a committee should be appointed to confer with the directors and to inquire into the state of their affairs. Now, upon that particular point, I again beg to refer you to your own report. Your report begins by saying—“The present position of the company’s affairs is so critical, and so much depends upon the course which the proprietors may take in the approaching general court, that the governor and committee feel themselves bound to invite their particular attention to the statement which they are now about to submit.” Well now, sir, the report begins in that manner, and the concluding words of the report are these—“It now rests with the proprietors,”—that is the word you have yourselves adopted—“It now rests with the proprietors to decide whether they will or will not adopt these recommendations, and the committee trust the decision will not be taken without the fullest consideration.” Now, sir, that is just the position which I wish to occupy. That is just the position which I want the shareholders generally to occupy, and that is just the position which, as I understood your remarks—at all events they led me to understand so—you were prepared that we should occupy. Now, sir, all I say is this—is this a fitting occasion for us to properly discuss and properly consider the serious matters referred to in this report? I ask you again, have we proper information to enable us to discuss and to enable us to decide such very important questions? And therefore, sir, when that resolution was put into my hands, I at once said, “Failing anybody else”—any one else would have been more competent than myself—but “failing any one else, I agree to second that resolution.” I would do so because it

was just the resolution which I had made up my mind was the one that should be put before the shareholders. Now, sir, I will not occupy your time by speaking longer, because there are many gentlemen here who will no doubt want to say a few words, and very properly so, too. If it were a question of settling it now, I certainly should claim a right to go fully into various matters referred to in this report; but under the circumstances I leave the resolution in your hands.

The CHAIRMAN—The original question was “that the report be received and adopted,” since which the amendment has been moved—“That the report and the declaration of 6s. per share dividend be not received, but that the 39,700*l.* received for the Oregon claim be added to the divisible profits, and a dividend of 15s. per share be declared, carrying forward about 26,000*l.* sterling. Also, that a committee of not less than five be appointed to take into consideration the position and prospects of the company, to confer with the directors, to examine all the books and documents, and to submit a report to a meeting to be called by them as soon as their report is ready.”

Mr. ARBUTHNOT—I hoped, Mr. Chairman, that the very full and able, and to my mind almost convincing, speech with which you have favoured us, would have induced those hon. gentlemen who have brought the amendment here to-day to withdraw it altogether. My motive in now rising is simply to make this proposal. It would save a great deal of the time of our meeting, and be far more convenient, if the hon. gentlemen who moved and seconded this amendment will allow a vote to be taken on your motion for the adoption of the report. If that motion is carried, the amendment will be negatived; if the resolution is not carried, then it will be open to other honourable members to move other amendments; but if amendments are to be taken in this

way, then, I say, it will take a week to get through the business of this meeting,. I hope the proprietors will so far adopt the suggestion I venture to make, and allow the discussion of the report to be taken on the motion from the chair.

Mr. SKINNER—Gentlemen, I rise to express some opinion how the Oregon money should be divided. I beg to differ from Mr. Maynard when he expresses the opinion that the money belongs to profit. When I recommended that the paragraph in the report dealing with that subject should be expunged, I did not do it with any captious motive, but with a feeling that when we had our rights decided by the opinion of counsel you should not act in a totally different manner. I consider that counsel's opinion should decide whether the directors or proprietors were to have that money. Their opinion has been confirmed. I am very happy to hear it, and I am quite convinced of this—that, counsel having decided that this money belongs to us as capital, we ought so to treat it. At present we have no more claim upon the Oregon money than upon the £300,000, which is nominally the value of our land. I say “nominally,” because it was really a delusion and an absurdity. Well then, sir, that being so, I do not quite agree to that money being carried to the credit of profit and loss, because it would raise a great difficulty, which I want to avoid. It would be said,—“You have treated that money as profit and loss, instead of confining it distinctly and separately as money going to capital account, and as a payment to be appropriated *pro rata*.” It must not be added, if you please, to profit and loss. I say so distinctly, and I have come prepared with a resolution, wholly independent of any gentleman in this room, that the money should be so dealt with. Take that as an independent subject, and then we will come to the question of dividend afterwards. Dividend is made out of profit, and must not be

made out of capital. In the absence of any information as to what basis the remuneration is made upon, it is not a question for a meeting like this, but a general question as to the compensation to the officers. It appears to me that we are in this dilemma, or rather the officers are. Either we have been carrying on a profitable trade, or we have not. If we have been carrying on a profitable trade, why do we want to get rid of these officers? Why do we want to get rid of the men who have traded for us so profitably? But I gather from the report that the trade has not been carried on profitably. I believe there is a very great capital—£800,000—altogether involved in that trade. Now, how is it possible that our officers can compete with us in such a trade requiring such a capital? The impression has flashed across my mind that the notion is childish, or I should consider so if it had been made by any person but our chairman. How can our officers, who are there without houses, without goods, without capital, without land, come and compete with us in carrying on that trade. And if it is not a profitable trade, why should not we give it up? Now I would remind you that when I opposed Mr. Griffith's proposals—and I did so to the best of my ability—the chairman said—"You must not look to your land: you must look to your fur trade." I will refer you to the shorthand-writer's notes of what took place at that meeting, and you will find that it is so."

The CHAIRMAN—So I say now.

Mr. SKINNER—So he says now! I must say it was so in my recollection, and it is very seldom that I am wrong in that. And the chairman now says so. Then why do you want to get rid of the management that is doing it. It seems to me perfectly anomalous. If it were not for the high character of the gentlemen who are filling the committee, one would suppose that there is something in the background we do not understand. Why should we want to get

rid of these men? Now, I say, as regards the general policy of dealing, so as to extend the business of this company, there is a legal question involved. Perhaps Mr. Maynard will differ from me on that. We are not generally traders. I have never seen any charter which authorises us to become general factors or vendors.—[A VOICE—“Storekeepers.”]—yes, storekeepers. Our business was the fur trade, and the grant was made to us with a view simply of enabling us to carry that on. In your present recommendations you are going upon a totally different basis. That is really what it comes to. We are to buy stores and almost everything; we are to be storekeepers, carriers, shopkeepers, or anything. Well now, sir, I beg, without intending any offence, to express my belief that that is a wild project, and it is impossible for the shareholders to come to any decision upon the report without having proper and sufficient information before them as to what are their rights with regard to the fur trade, and how it is proposed to carry it on. Then, sir, with regard to this large sum which you propose to appropriate to buying up the interests of the officers, one must suppose that you have some basis of calculation upon which that amount has been arrived at. It is said that it has been found to amount to 75,255*l*. To this you propose to add 31,800*l*., making a total of 107,055*l*. Now, if 75,000*l*. is the value of their interests, what right have you to give them 31,800*l*. beyond it. Not only are these officers such extraordinary individuals—I cannot call them ordinary servants—that if they meet with any accident or any calamity, you give them a retiring allowance for compensation enabling them to live in ease afterwards, but they are so valuable that you must pay them for their interests and a large sum in addition. I cannot certainly agree with your notion of carrying on this business. I do not think I ought to occupy any more of your time; but I will read you my amendments.

The CHAIRMAN—There is an amendment before the meeting.

Mr. SKINNER—My first amendment is—"Resolved, that the report of the committee be not adopted, and that the money in respect to the company's claims in the Oregon territory be carried to the credit of capital, and not of profit and loss, and be distributed among the proprietors rateably." My second is—"That the recommendation of the governor and committee as to the interest of the present body of the company's officers, and that the consideration thereof be postponed until the proprietors have fuller and more detailed information on the subject." These are the two amendments which I beg humbly to submit to the meeting. I hope that some gentleman will be good enough to second them, and that the sense of the meeting will be taken on them.

The CHAIRMAN—There is an amendment before the meeting, and that must be disposed of first; but we can deal with these afterwards.

Mr. BRODERICK—I want to know when the deed-poll was first communicated to this company. I am a large holder of shares, and I never heard of the deed-poll.

The CHAIRMAN—The date of the deed-poll is the year 1834; and it has been published, you know, long ago. It was laid before Parliament; and it was communicated to this company, I presume, in 1834.

Mr. BRODERICK—I was not in Parliament, and I want to know when the company first communicated it to the present company,—the existing company.

The CHAIRMAN—I should imagine long before I was born, certainly.

Mr. BRODERICK—This company was made long since the old company. I had nothing to do with the old company.

Mr. ISBISTER—The proposal to buy out the interest of our commissioned officers in America seems to be the kernel of

the question before us here to-day, and it is a matter of such importance that I shall be glad to be allowed to say a word or two upon that subject before we proceed to a vote. Notwithstanding the explanations we have had of the relations between our officers and ourselves as shareholders, there are some considerations arising out of this question that appear to me well deserving of our consideration before we come to a decision of any kind upon the proposal. No doubt it is a big thing to ask a company to pay down £100,000 to buy out the interest of its own servants; but it is quite possible that there may be still greater difficulties which we may have to meet if we refuse to do so. It seems to me that our first duty, in order to arrive at a wise decision on this matter, is not only to consider the sacrifice that we are now called upon to make, but to endeavour to obtain a clear perception of the alternative that we shall have to face in the event of this proposal being rejected. [Interruption.] Let us hear both sides, if you please. In the first place we must bear in mind that our trade is no longer a monopoly which may be retained in our own hands. By the recent sale of our chartered rights in Canada we have thrown open that trade to the whole world—to every one who may choose to engage in it;—amongst others, to our own officers who may be driven by an injustice on our part to combine for their own protection, and to apply their own capital, with such assistance as they can readily procure from Canada and the United States, to carry on the trade on their own account. Now, sir, with their industry and skill, and the influence they have been able to acquire by long intercourse with the Indians, I venture to say that every one here will see that a competition on their part would be one of the most formidable character, and, indeed, would break up the company altogether. But I believe that, happily, there is no such thought on the part of our officers, and that they are

prepared to a man to stand by the company in the present crisis of its affairs. But I contend that, as men of business and men of the world, we are bound in all discussions of this kind to keep such a contingency before our eyes, and not to overlook it. With regard to the legal question which Mr. Skinner has raised, we have had reason to believe that our officers are not entitled to any share either in the Canadian money or the Oregon money. But, sir, after all, every one can understand that a share in a monopoly protected by Royal Charter is a very different thing from a share in an open trade, in which any one can engage and cut down our prices. If a man contracts for a term of years to give me a share in a patent in return for my management of the business, and he suddenly determines to sell that patent, it is preposterous to say that he carries out his contract with me if he decides to carry on that business without the patent, and to give me a share in the profits. But yet, sir, this is precisely the same thing as we have done to our officers in America. [“No, no!” and interruption.] I say we did it when we transferred our rights to Canada, and we imposed, as a necessary consequence of that transfer, a permanent tax upon our trade in the shape of customs duties, which would cause a still further reduction of the profit which has been hitherto divisible among our officers. Now, sir, acting upon advice, we have appropriated the whole of that indemnity to ourselves; yet we must not run away with the notion that that is a proceeding which has been acquiesced in, or is going to be acquiesced in by our officers. While we have taken legal opinion to justify the course which we have adopted, our officers on their part, or their friends for them in Canada, or in this country, have taken, and very properly taken, legal advice. While we have been wrangling in this hall about dividend and the transfer of the fur trade, those gentlemen to whom we were

indebted for having any dividend at all were taking our property wherever they liked. Well, sir, coming back to this question of legal advice, amongst the gentlemen whose opinions have been cited on the other side are two eminent authorities, whose names I need only mention — the Attorney-General and Mr. Jessel, the well-known and eminent Chancery barrister. Well, there are two sides to that question, and there are two sides to this. We have heard the law on the one side, and now let us hear the law on the other. Their opinion, a copy of which I hold in my hand, agrees with Sir Roundell Palmer in considering that our officers are not entitled to take indemnity as partners, being not partners at all, but servants payable at a profit; but they consider that they have another claim—a claim different in character, but it comes to the same thing in the end—a claim for compensation for the breach of our contract with those officers, and under the deed-poll which provides for them a share not in any trade which you may choose to establish, but in a specific trade distinctly defined and described in that instrument as a monopoly under royal protection, which you have no right to turn into another and entirely different kind of trade without coming to an arrangement with them. After suggesting the question whether the proper remedy would be by law, common law, or equity, they say, “We think that as there would be a breach of contract on the part of the company who have agreed to give the wintering partners, who are really servants, a share in the profits of the monopoly, and who, by selling their territorial privileges, have disabled themselves from continuing such monopoly of the trade; we are, therefore, of opinion that the so-called wintering partners are entitled to give up their employment, and to sue the company for damages for breach of contract. [“No, no!” and interruption.]

The CHAIRMAN—Order, order; the gentleman is perfectly in order.

A VOICE—Whose opinion is that?

Mr. ISBISTER—The Attorney-General's and Mr. Jessel's. We may accept the thing as wrong or not. I have, sir, confined my remarks entirely to this one question of the officers. Why? It appears to me to be the question which just now stops the way. We cannot go on if this legal opinion is valid. We cannot take any measure at all.

A SHAREHOLDER—We are not here to discuss that question.

Mr. ISBISTER—I beg your pardon, sir; it is an open question. [Cries of "Time," "Chair," and great confusion, in the midst of which Mr. Skinner again rose.]

The CHAIRMAN—Order, order. [Cries of "Go on," "Time," and continued confusion.]

Mr. ISBISTER—Very well, sir. I am quite prepared at any time to go on. If I am right in that—and I have the highest authority for thinking that I am—then, sir, we are in this position—that we cannot without paying off these claims, proceed in any new undertakings.

A SHAREHOLDER—There are no claims. [Interruption.]

The CHAIRMAN—Order, order.

Mr. ISBISTER—We must pay off these amounts, but I submit that there are two sides to the question.

A SHAREHOLDER—Allow the meeting to go on.

Mr. ISBISTER—Well, I am allowing the meeting to go on.

The SHAREHOLDER—No, you are hindering it.

Mr. ISBISTER—I am not going to be put down by noise. [Cries of "Go on," and interruption.]

The CHAIRMAN—Order. I would entreat you, gentlemen, to give the proprietor a hearing. He is arguing upon a point of considerable importance in connection with this discussion.

Mr. ISBISTER—I consider that this proposal is an eminently wise one, and I think that those who come prepared to vote against it ought to well consider the consequences. [Cries of “Time,” and great confusion, during which several shareholders rose to speak.]

The CHAIRMAN—Mr. Isbister is in possession of the floor at this moment.

Mr. ISBISTER—I beg to support the resolution which has been moved from the chair.

Mr. BARNARD—Sir Stafford Northcote and gentlemen, we are met here to-day to consider a very important report. No man would like to divide more than 6s. per share better than I should, as money is an object to me. I will adopt the words of the report, and say the company is in a critical position at the present time; and the question is not whether we shall divide a larger or smaller dividend, but whether we have confidence or no confidence in the directors. [“No, no!” and “Yes, yes!”] I say that if we have faith in the men who sit at this board it is our duty to support them; if we have not, do not let us attempt to turn them out by a sort of side-wind, but let a direct vote of want of confidence be moved, and let those who oppose the policy recommended by the directors come out like men. Ever since Sir Stafford has been mixed up with this company he has served our interests in every way; and I should like to know where you would find men of the influence and position of Sir Stafford Northcote to take his place in this enterprise? And yet you would turn him out. I think that some of the gentlemen on the board are far preferable to some of those who would like to occupy their places, and who would, perhaps, wish to help themselves rather than the general body of proprietors. If you are dissatisfied with them, do not let us keep them there; and do not let us come here time after time and argue with our lawyers, for if Mr. Maynard is not

a fit and proper person to advise us, let us get somebody else in his place. After the opinion we have taken of the Attorney-General and Mr. Jessel, it seems to be a mere matter of justice that we should deal with the factors; at any rate, we are not in the position of ordinary employers with regard to their servants, for we can discharge them as we like; but we cannot do so with regard to our servants. We are in a most peculiar and critical position. It does not matter whether we get this odd money now or hereafter. We have got a valuable property, and I for one am prepared to stick to it. I bought my shares when they were between 19 and 20, and I have never sold one. I have faith in our directors as they stand. They are like mortals—amenable to correction; but let us do them justice, and look well at the position of affairs as they are at the present moment. That is my view.

MR. QUILTER—Mr. Chairman and gentlemen,—as your auditor, it may not be out of place if I give expression to a few words in answer to the amendment made by Mr. Edridge. I am sure that if Mr. Edridge knew that which I will tell him, or if he had recollected, he would not have proposed the amendment which he has brought forward. If you extinguish your capital—if you receive 39,000*l.* for parting with the capital property, it does not belong to revenue; and had your directors placed that sum to the credit of revenue, you would not have seen my signature to the accounts as sanctioning such an appropriation. I am not a proprietor; but I may remind Mr. Edridge that in the statement for 1864, when you detailed what your capital, amounting to 1,000,000*l.*, consisted of, you put down your Canada claims as a sum of money to be received from Canada for the settlement of those claims, and I believe that when you received that 300,000*l.* you gave effect to that being received on capital account, and you divided it as capital. I say you

were right when you did that ; and I want to know why you wish to depart from that principle on the present occasion, and treat this money from the settlement of the Oregon claims in a different manner? I find that the Oregon claims are defined. There is to be a sum to come from those claims represented in the 1,073,000*l.* ; and were you to adopt the amendment as proposed by Mr. Edridge, you are in effect saying that that which is received by you in extinguishment of your own capital, parting with your own property, is profit made—a conclusion I am sure you cannot arrive at.

Mr. EDRIDGE—Having been appealed to so pointedly, will you permit me to say that I never dreamt of putting the amount received on the Oregon claims into profit and loss account at all. I took it as credit, representing 61,400*l.* odd. I say also that on account of the Oregon territory a certain sum has been received, and I say that that particular sum ought to be divided. You may put it in the way referred to by Mr. Skinner, but for convenience sake I add the two sums together, and I say that that represents a certain sum, out of which you can pay a dividend. Whether that dividend be 15*s.* or 12*s.* 6*d.* I am not at all particular myself. You show that we have so much money in hand, which is, at all events, divisible in the shape of dividend.

Mr. QUILTER—I am sorry if I misunderstood you, but I thought you proposed there should be 15*s.* divided as dividend.

Mr. EDRIDGE—I hope Mr. Skinner will be prepared to withdraw his amendment, because I understand from him that we are perfectly in accord in our resolution with respect to the appointment of a committee. All he wants is to keep the Oregon money separate and distinct from the profit and loss account.

Colonel MILLINGTON SINGE—If I understand the report

rightly, the fur trade has been carried on at a loss. I want to know whether, as the factors are paid a per-centage upon the profits of that trade when there are profits, the converse of that proposition is true?

The CHAIRMAN—No, they are not.

Colonel SINGE—Then they are entitled to a proportion of the profits when they are made, but do not share in the responsibility in case of loss.

The CHAIRMAN—It is so.

A PROPRIETOR—I will ask one question for the sake of information. There is in the balance-sheet put down as due to officers and servants 130,000*l.* odd; can you inform the meeting what the amount under a similar item was in the accounts for 1866?

The CHAIRMAN—I will give it you in a few moments. I understand it was 182,000*l.* at that time.

The PROPRIETOR—The reason I put that question is simply this—that in the report you say, “Thus, in the present year, while the proprietors carry to account as divisible profit a sum of more than 27,000*l.*, the officers are entitled to absolutely nothing at all. And although the returns of the fur trade for the present outfit are exceptionally low, in consequence of the peculiar circumstances of the time, yet for the last three years the proportion of profits coming to the officers has been very small, and the remuneration which they have received for their services has been quite inadequate.” You state that in 1866 the amounts due to officers on their deposits was 180,000*l.* odd, when in that year the profits were something between 80,000*l.* and 90,000*l.*; and the amount is now 180,000*l.*, when the report states that their profits amount to nothing at all.

The CHAIRMAN—I will explain to the honourable proprietor; he evidently misunderstands it. That is the amount of their balances in our hands—accumulating

balances. We act as their bankers, in fact, and the fact of the balances having been so greatly reduced seems to show that they have had to draw upon their balances during late years. They have now 50,000*l.* less to their credit with us from old accumulations than they had five or six years ago.

A PROPRIETOR.—Will you, sir, kindly state whether there is any truth in the report in the *Times*, to the effect that Indians have come down upon our buildings at Shebandowan Lake and burnt our steamers and buildings?

The CHAIRMAN—I believe that was altogether a mistake. You refer to a report which appeared in the papers as to a raid of Indians upon a Hudson's Bay post and some destruction of property. We have received no information—neither have the Government—of anything of the sort having happened; and we believe it to be entirely a mistake. It probably refers to the accidental burning of a vessel, which, however, was fully insured.

A PROPRIETOR—If the company's officers are to have this 100,000*l.* as compensation for giving up the deed-poll, are they to have 40 per cent. of the profits again afterwards? Because, if they are, the same thing may occur again.

The CHAIRMAN—I think the honourable gentlemen (if I may interpose) do not quite understand this question about the retiring interest. It was asked just now by an honourable gentleman here when this deed-poll was communicated to the shareholders. I answered him that it was long before I was born. I believe this company—the old Hudson's Bay Company has always been carried on on this principle,—that certain arrangements were made with your officers, giving them under a deed such and such a proportion of the profits. That deed has been altered from time to time; the last revision of it was in 1834; and when the company was reorganised in 1863 those who entered it did so subject to this arrangement. The subject is referred to, to a certain

extent, in the prospectus. The deed-poll was a thing perfectly well known, as it ought to have been known by those who took shares; and if any one did not make inquiries it was his own fault, because the prospectus stated that the factors were entitled to 40 per cent. The deed-poll had often been laid before meetings of shareholders. With regard to the question just asked, I would remind the proprietor that the terms of the deed-poll are these,—that any officer may be placed on the retired list, but that when he is placed on the retired list he is entitled to receive the full profits that he would have been entitled to if he had remained in the service for one year, and then for six years after he is entitled to receive half-profits. Now, supposing that we consider that the system of making a division of profits is a good one, which we do; if you consider you want to reorganise your service, the mode in which it is proposed to be done is to get rid of this obligation. You would have to give to the men, if you placed them upon the retired list, their share of the profits to come, and the object is to capitalise that and to buy it up. Now, we are asked what these profits are worth? I may mention that from the profits of the fur trade for the ten years ending in 1869, the officers derived an average income of 275*l.* 15*s.* 4*d.* per share. At that rate, the retiring interest of the whole eighty-five shares would cost 93,500*l.* In the year 1863, at the time this company was reorganised, a scheme of reorganisation was proposed, and Sir Edward Watkins and Mr. Dallas went into the whole question, and they estimated the retiring interest of the officers at 114,500*l.* What has taken place on this occasion is this—it being desirable to come to terms with these gentlemen as to a reorganisation, which cannot be effected without their consent, so as to wind up the settlement of this outstanding question to which Mr. Isbister has referred, which may possibly—though I do

not say it will—lead to a law suit, or at all events to a dispute, I say we have desired to come to some arrangement by which we can get a clear start. Mr. Donald Smith, being empowered to treat on behalf of the officers, has come over here; and he made certain proposals and demands, and the sum he asked for was much larger than it was proposed to give. After a good deal of negotiation it has been reduced to an amount which we consider fair, which we recommend and which we know the officers are willing to accept. I have no right to speak for the officers of course; but I have been assured by Mr. Donald Smith, who is a gentleman of character and position, and who is thoroughly well acquainted with their demands, that unless they can receive this they will not be satisfied without going into the question of all their rights. I believe it to be for the real interest of the company that they should make this sacrifice. Let us treat them liberally—it is liberal treatment no doubt, but it is wise treatment. If you doubt it we cannot help it. We give you the best advice we can, attending to your concerns to the best of our power, and forming our opinion not hastily, but by communications carried on from day to day and week to week, resulting in an immense amount of correspondence which it is impossible to trouble you with in detail. We tell you we believe this to be the best arrangement. If you are not satisfied with our recommendation, we shall not be offended if you take your affairs out of our hands and put them into the hands of others more competent to deal with them. I am sure that, speaking from the bottom of my heart—and speaking for my colleagues as well as myself,—if that is your policy we shall not grumble at it; we shall desire to facilitate what you decide upon, and give assistance to other officers until they are in a position to judge for themselves; but we cannot undertake to be responsible for a policy which we do not approve, and we cannot under-

take to submit to a committee appointed at a meeting in this way to revise a policy which is not a policy of a day, but a policy adopted after the steady consideration of years.

Mr. SMERDON—Will you allow me to ask why, if the 75,000*l.* will be sufficient to buy up your officers' interest, you should throw in the lump sum of 31,000*l.* more?

The CHAIRMAN—It is not so. The sum, as I have just mentioned, is the result of a bargain with Mr. Donald Smith on behalf of the officers. That bargain was that if they got the Oregon money, which they supposed they would have, they would take the 75,000*l.*; but if they are not to have it they would not take it.

Mr. SMERDON—Then you give in the 31,000*l.*, as a sort of bonus?

The CHAIRMAN—Yes.

A PROPRIETOR—You have not quite answered my question, whether the officers will not be in the same position again if you give them this compensation?

The CHAIRMAN—We consider that that is the best system upon which we can carry on the business of the company. Many of them will be the same officers, but not all.

[Some confusion was here created by three or four shareholders speaking at once, amid interruptions.]

The CHAIRMAN—Two gentlemen are on their feet at this moment, both of whom have already spoken, and no further speeches from them can be admitted. If they have any explanation to offer I shall be glad to hear them.

Mr. ARBUTHNOT—I did not speak before, sir, but merely asked a question. My object in rising is merely to suggest the withdrawal of the amendment. After the remarks of our auditor I should hope that the amendment will not be pressed, and that the proprietors will not vote in favour of an increased dividend. I have gone carefully through the accounts, having had some experience in such matters, and I

must say that if a dividend of 15s. is voted by this court, the word "critical" used in the report is most applicable. I say this is really a vote of confidence or no confidence in our directors. If the amendment were carried, it would be the duty of the directors not to retire, but to seek steps to liquidate the affairs of the company.

Mr. EDRIDGE—With your permission, I wish to alter the wording of the amendment. Instead of saying we will pay so much out of undivided profit, I would say—and I do it with the permission of Mr. SKINNER—that a dividend of 6s. per share be paid out of undivided profits—namely, £61,000, which will leave £31,000 to the balance, and that the money which has been received on account of the Oregon claims should be divided *pro rata* amongst the shareholders. The part which has reference to the committee will remain as it is at present.

A PROPRIETOR—Will you first of all tell us, Mr. CHAIRMAN, what the rights of the factors are. I hold that they have no rights at all. I cannot find by the deed-poll that they have any, for we may at any time discontinue or continue their services as we please. If they have not their rights legally defined, I cannot see how they can have any claim upon us. I do not think that any gentleman on the other side of the table would conduct his business on the principle they recommend us to adopt.

Mr. DRAPER—I rise, sir, to make a very few remarks; and first I would say that the word "critical" used in the report brought me to this meeting. I have been a shareholder for twenty years in this company, and I have had the greatest confidence in the administration of our affairs. After the candid and winning manner of our chairman to-day I must take the liberty of saying that he has "made the worse appear the better reason." I presume to offer no opinion upon matters of account; but I beg leave to ask one

question. You remarked in your opening speech, sir, upon the officers being dependent upon the profits for their subsistence, but I would ask whether they have not fixed salaries in addition ?

THE CHAIRMAN—No, they have no fixed salaries.

MR. DRAPER—Then how have they been living several years when their profits have been nil ?

THE CHAIRMAN—Upon the profits of former years.

[Mr. Draper proceeded with his remarks, but the interruptions were so great that it was impossible to hear him.]

THE CHAIRMAN—Gentlemen, I suppose we have now come to the time for voting. I do not suppose there is much use in further discussing. We are in some confusion as to the mode in which these questions ought properly to be put. The original motion is that the report be adopted, and the committee authorised to take the proper steps. Then an amendment has been moved that the report be not received, and that the declaration of 6s. per share dividend be not received. Mr. Edridge has expressed a wish to alter the terms of his amendment, and, of course we do not wish to throw any impediment of a formal character in the way of ascertaining the views of the meeting, and therefore we shall not raise any question as to the alteration of the terms of the amendment. But you must understand clearly in what form that amendment will stand. I will read it to you as it will stand, and I will then put the amendment to the usual decision by show of hands. I have received a paper, signed by seven shareholders, demanding that a ballot be taken for determining the question of the agreement to the report or not ; and, therefore, after this question has been put to a show of hands, it will be necessary that a ballot should be taken. I will mention beforehand that the ballot will be taken and kept open till 6 o'clock, and that an adjourned meeting will be held—I really believe it will be

most convenient to say—at 11 o'clock to-morrow morning, for the purpose of receiving a report of the scrutineers of the ballot. The ballot is upon the question of the report, but this amendment challenges the whole system. It is this:—"That the report be not received, but that the 39,700*l.*, received for the Oregon claims, be distributed *pro rata* amongst the shareholders, and a dividend of 6*s.* per share be declared, carrying forward about 31,400*l.*; and also that a committee of not less than five be appointed to take into consideration the position and prospects of the company, to confer with the directors, to examine all books and documents, and to submit a report to a meeting to be called by them as soon as their report is ready." Those in favour of the amendment will hold up their hands.

The CHAIRMAN—The show of hands is in favour of the amendment.

Mr. EDRIDGE—I have here a request for a ballot, but I do not know that it is necessary to hand it in because my amendment is carried. My only request is that the ballot should remain open until four o'clock to-morrow, and that the adjourned meeting should take place on the following day at twelve o'clock.

The CHAIRMAN—I dare say in many respects that will be more convenient, as affording a better opportunity for the general voting. There are two demands for a ballot, and the two ballots will be held simultaneously, as was done on the last occasion.

A PROPRIETOR—We only want one ballot.

The CHAIRMAN—There will be endless confusion if you do not have the two.

A PROPRIETOR—I do not think, sir, we can have general voting.

The CHAIRMAN—I am afraid now there is some mistake.

Mr. SKINNER—No proprietor can vote who is not here to-day.

The CHAIRMAN—That is the point. The directors are anxious to afford every opportunity for voting, but the charter is distinct on the point. It says any question must be decided by the shareholders then present. I am afraid, therefore, the ballot must be closed at six o'clock to-day.

A PROPRIETOR—Is a ballot necessary after the obvious vote we have had?

The CHAIRMAN—A ballot is of course necessary, in order to show what is the feeling of the majority of the shares. The number of hands might not represent anything like the number of shares.

It was finally arranged to keep the ballot open till half-past six, and to hold the adjourned meeting at eleven o'clock on the following morning (Thursday). 29 June 1871

ADJOURNED MEETING.

The adjourned meeting was held at the City Terminus Hotel on Thursday; Sir STAFFORD NORTHCOTE, M.P., in the chair.

The SECRETARY having read the notice convening the meeting, the CHAIRMAN said—I will now call upon the scrutineers to state the result of the ballot.

Mr. EDRIDGE—Gentlemen, at the commencement we beg to call your attention to the fact that the ballot which has been taken has been a ballot for and against the report, whereas the requisition which we handed in to the chairman was for a ballot upon the amendment, which was carried by a large majority of the meeting. Therefore, it appears to be informal altogether.

The CHAIRMAN—I think it was understood that, though the papers had been printed in that form for convenience, the question put was the amendment, and I believe we all understood it so, and took it in that way.

Mr. EDRIDGE—We raise this question for the information of the shareholders. The next point we wish to raise is this — that certain gentlemen came eventually after the meeting had broken up and voted. We understood you to say, Sir Stafford, that nobody could vote unless he was present during the meeting, and these parties came afterwards and voted.

The CHAIRMAN—That is a point that has been considered, and we are of opinion that the meeting continued up to half-past six o'clock, when the ballot closed.

Mr. EDRIDGE—The only remark I have to make upon that is this—that Sir Stafford Northcote said distinctly, when he was speaking, that the parties then present were eligible to vote and not otherwise; and if I had been aware that parties could have come here as between then and half-past six, and voted as if they were at the meeting, gentlemen having offices close by would have come here and no doubt would have voted considerably above the numbers of those persons who did happen to come. I must therefore protest against the votes of these parties, three in number, being taken under these circumstances. They amount to 650 votes. The fact of their coming between six and half-past six was brought to the attention of the gentlemen assembled. We have had a very unpleasant duty to perform, and it has given us some trouble. Another question, sir, we beg to raise is respecting the votes of parties who hold shares in trust. There is no doubt that the number of shares held by Sir Curtis Lampson affects the question; therefore I will not argue as regards others, but take his case. Sir Curtis Lampson votes properly as a director for 100 shares, but then he votes in virtue of a trust to the extent of 1,620 shares. Those shares are held in the names of Messrs. Tennant, Sir Curtis Lampson, and Mr. John S. Morgan. The point I wish to call your atten-

tion to is, that Sir Curtis Lampson signs for himself and J. S. Morgan, whereas the trust is in the name of Tennant, Lampson, and Morgan. There are other trustees who vote properly; when there are more trustees or executors than one, the rule is that the first-named should vote. Now, in this particular case, the name of Tennant is first, and yet Sir Curtis Lampson votes on these shares,—and I object to his vote on that ground.

SIR CURTIS LAMPSON—Perhaps it may save some time if I at once say that Sir Emerson Tennant could not very well vote, as he is dead. I therefore stand first on the list of trustees.

MR. EDRIDGE—Then, gentlemen, we have in the list a gentleman of the name of Hilliard, who signed for 300 shares. His name is second on the list, and, so far as we know, the first trustee, whoever he may be, is living. Now, why should we have the second name on the list for 300 shares?

MR. MAYNARD (the solicitor)—I understood at the last meeting it was settled by the proprietary at large, partly under my opinion, that the party entitled to vote where the shares stood in several names was the holder whose name stood first and no other. The very thing you are mentioning now you did not mention when I was in the room.

MR. EDRIDGE—The numbers got in inadvertently, and the voter wished me to mention the fact. The numbers now, therefore, stand thus: there is a balance in favour of the report of 81. But you must bear in mind that that is giving credit for the 650 recorded by those gentlemen who did not attend the meeting. The chairman had left the chair prior to these gentlemen coming.

A SHAREHOLDER—I wish to say that I yesterday put the question myself, whether those shareholders who were not present at the meeting were entitled to vote. I was told

distinctly the chairman had ruled that only those present at the meeting could vote.

A SHAREHOLDER—I asked the question myself, whether it was necessary that the ballot should be deferred until to-morrow morning, as there was such a large show of hands in favour of the admendment, and whether any persons who were not present could record their votes, and you replied that only those present at the meeting could vote.

The CHAIRMAN—Certainly; it is quite true,—that is exactly what was stated—and the only question is, what was the extent of time of the meeting? It is in accordance with what has been the practice of this court, that a time was fixed up to which the ballot should be kept open, and that those who attended before that time were held to be present at the meeting.

A SHAREHOLDER—Then, why didn't you say so?

The CHAIRMAN—Because it has been the universal practice, and because the question was never raised. But it was impossible it could be otherwise. How could anybody tell what gentlemen were in the room? Do you mean to say that the doors were to be locked, and that if any gentleman had stepped out for five minutes he was not entitled to vote? You could not make such a distinction.

Mr. EDRIDGE—I beg to remind Sir Stafford Northcote of what actually did pass. I suggested the keeping of the ballot open until the following day; and Sir Stafford, having had some communication with Mr. Maynard, said—"No, it must not be kept open till to-morrow, because persons cannot vote who are not present now." The same principle must apply to those who came in between four and half-past six the same afternoon as would apply to those who came in on the following day; because if the meeting were the same till the close of the ballot, it would have been equally the same

on the following day, if the ballot had been kept open so long. The chairman left the chair and the building, and there was an end of the meeting.

A SHAREHOLDER—I believe it to be exceedingly sharp practice, although it may have been customary at these meetings. I believe you, sir, are a gentleman of the highest honour, and incapable of doing anything not strictly straightforward; and I therefore put it to you whether you will take advantage of a mere legal quibble, such as is evidently the case in this instance?

The CHAIRMAN—You know I am here in a position—and we are all here in a position—in which we are bound to do our duty to the proprietors. We have no desire to take advantage of any legal quibble, or to raise any question that ought not to be raised; but we must decide upon what we believe to be the right course. The minority may happen to say, “You are deciding in a certain way against us, and it is unfair you should take advantage.” Supposing we took the other course, the majority would say, “You have given up our rights.” Therefore the question is—What is the right course? Now, with regard to that particular point, I say it was a principle we have always acted upon; we have been guided by that in the meetings of this company ever since I have been connected with it, and I believe that would be perfectly understood to be the course. But perhaps I may save a little time by saying what my own view and the view of my brother directors is upon this vote. Whether you question these matters or not, in whatever way the thing is looked at, there is no doubt whatever that the vote is carried by so very small a majority that practically it cannot be considered any decisive decision upon a question of this great importance; and as our first and main object is to look to the interests of the company, we would like the great body of the shareholders to fairly consider these

matters. What we would propose to you now is this. The state of the question is—We proposed our report, and that you should accept that report; an amendment was moved that certain other steps should be taken; and upon that amendment votes have been taken. If there was any misunderstanding I am sorry for it; but I think it was pretty clearly understood that those who put in a paper voting for the report merely meant that they were voting against the amendment. I believe the votes taken are legally against the amendment, but by a very small majority; at any rate, they are not for the report; and we, therefore, stand really very much as we were at the beginning of the meeting yesterday. But what we propose is not to hurry the shareholders to any decision upon this important question, but to hold a further meeting for the full consideration of this subject at a time which will give ample opportunity for everybody to consider it fully. We propose to hold it on Wednesday the 12th of July. I would really press upon the shareholders the great importance of their position. There were, I think—I forget the numbers—something like 20,000 shares voted upon, whilst there are about 97,000 in the hands of the public. Some of them are in the hands of holders who have not had them long enough to vote, and there are perhaps 90,000 which may be voted upon; but only 20,000 have been voted upon on a matter which really affects the whole reorganisation of the company's position. What we propose is to adjourn the meeting till next Wednesday week, when it will be held at two o'clock.

A SHAREHOLDER—I beg to testify to the generous and gentlemanly manner in which you have acted with regard to this matter. I knew you could not act otherwise. Still, there was some doubt whether the vote could be legally maintained. I beg to thank you on my own part very sincerely.

A SHAREHOLDER—In the meantime, are we as shareholders to be furnished with any additional information in respect to this matter? If not, what will our position be?

The Chairman—I do not know whether much more is required; but we shall be prepared to address a further communication to the shareholders.

LONDON :

ED BY JOSEPH CAUSTON AND SONS, 47, BASTCHEAP, E.C.,
AND SOUTHWARK STREET, S.E.